

Bill Cheney President & CEO 601 Pennsylvania Ave., NW South Building, Suite 600 Washington D.C 20004-2601 Phone: 202-508-6745 Fax: 202-638-7734 bcheney@cuna.coop

March 11, 2014

The Honorable Jeb Hensarling Chairman Committee on Financial Services United States House of Representatives Washington, DC 20515 The Honorable Maxine Waters Ranking Member Committee on Financial Services United States House of Representatives Washington, DC 20515

Dear Chairman Hensarling and Ranking Members Waters:

On behalf of the Credit Union National Association (CUNA), I am writing in support of H.R. 2672, bipartisan legislation introduced by Representative Andy Barr. CUNA is the largest credit union advocacy organization in the United States, representing America's 6,500 state and federally chartered credit unions and their 99 million members.

H.R. 2672 would direct the CFPB to establish an application process determining whether a county should be designated as a rural area if the CFPB has not designated it as one. Designation of "rural" by the CFPB has many implications for credit unions, particularly with respect to the type of products credit unions may offer their members in these areas. For instance, the Escrow Requirements under the Truth in Lending Act Rule requires certain lenders to create an escrow account for at least five years for higher-priced mortgage loans. If those loans are made by small lenders that operate predominately in rural or underserved counties, they are exempt from this requirement. Another example includes the Ability to Repay and Qualified Mortgage (QM) Standards Under the Truth in Lending Act rule by which mortgage loans with balloon payments do not meet the QM standard. Like the Escrow Rule, small lenders that operate predominately in rural areas are eligible to originate balloon-payment QMs. The CFPB has defined "rural" by using the U.S. Department of Agriculture Economic Research Services' urban influence codes

The CFPB is going to reexamine the definition of "rural" over the next two years. However, Representative Barr's legislation is welcomed because it would allow a person who lives in or does business in a state, to apply to the CFPB to have designated the county in which the business is located as a rural area for purposes of a Federal consumer financial law. To make a determination of whether a county should be designated as rural, the CFPB must take into account in its definition of "rural" criteria used by: the Bureau of the Census for classifying geographical areas as rural or urban; the Office of Management and Budget to designate counties as metropolitan, micropolitan or neither; the Secretary of the Agriculture to determining property eligibility for rural development programs; the Department of the Agriculture rural-urban commuting codes; a written opinion provided by the State's banking regulator; and, population density.

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On behalf of America's credit unions, thank you for holding a mark-up on this legislation. We look forward to working with you to see its enactment.

Best regards,

Bill Cheney

President & CEO